



**REVISED QUARTERLY TECHNICAL PERFORMANCE REPORT
NO. 2**

Period covering April 1, 2005 – June 30, 2005
(3rd Quarter of FY 2005)

Transparency, Anti-Corruption and Accountability Program
Task Order Number DFD-I-03-03-00139-00

GUATEMALA, PANAMA AND NICARAGUA

Submitted to:

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A. EXECUTIVE SUMMARY

This quarterly report covering the period April 1 through June 30, 2005 is being presented by Casals & Associates, Inc. (C&A) in compliance with both Contract DFD-I-00-03-00139-00 and Task Order No. DFD-I-03-03-00139-00, Transparency, Anti-corruption, and Accountability Program (T/AC) and includes the individual reports for Guatemala, Panama and Nicaragua.

Overall, the progress towards the implementation of the approved Work Plan for FY 2006, has been slower than originally anticipated. There have been a number of factors contributing to this end. Among them the T/AC Program has illustratively identified the following:

- The initial deployment of personnel, contracting of local staff in the three countries that are presently on-line, the establishment T/AC Program offices, etc., took longer than anticipated and certainly affected the Program's initial ability to carry out the activities contemplated in the Work Plan;
- The lack of definition on the part of Government Agencies about the development and implementation of governmental transparency and anti-corruption strategies has, in general, had a negative impact in achieving a more expeditious implementation of this important aspect of the Program;
- There is an inherent issue regarding the ability of government agencies, civil society organizations, NGOs and private sector groups to develop and present coherent and clearly defined activity proposals and a lot of Program staff time has been devoted to providing council and assistance to these groups in this area; and,
- The initial Work Plan for FY 2005, in light of the start-up issues mentioned above and the short period of time left in the fiscal year to implement it, has proven to be perhaps too ambitious and thus very difficult to carry out at a faster pace.

The Program takes these factors as lessons learned and as a basis to introduce marked improvements in the future in order to develop more realistic and achievable targets and bring implementation up to the speed that is expected by USAID and clearly reflected in the Results Framework that is contemplated under the Contract.

Following is a brief summary (highlights), by Sub Intermediate Result (Sub IR), of the country specific progress that has been achieved during the reporting period:

1. GUATEMALA

On April 11th, the USAID Office of Democracy Initiatives (ODI) hosted a ceremony to present different ODI Programs to a selected audience which included participation of the US Ambassador, USAID Mission Director, government officials, civil society organizations and donors. The USAID CTO for the T/AC Program made a presentation, accompanied by video images, about the Program in Guatemala. The Program also

presented a stand to showcase publications and materials produced by C&A and others on the subject of anti-corruption.

At least 10 projects were presented to the Program, by Government agencies and civil society organizations. A Technical Committee was created as a quality control instance within the T/AC Program. All proposals presented to date have been rigorously reviewed by the Technical Committee and pertinent follow-up actions have been identified and undertaken in order to bring proposals to a point where they meet Program approval criteria and can be processed for award.

➤ **Sub IR 2.1: More transparent systems for management of public resources by the national government:**

- The Program is providing Technical Assistance to the Office of the Presidential Commissioner for Transparency and Against Corruption on the logistics and organization of the 12th Transparency International Conference to be held in Guatemala in November, 2006.
- It is also providing support to the Multi-sector Council meetings.
- Significant progress was made in completing and negotiating a proposal from Acción Ciudadana for a grant aimed at: i) monitoring Government compliance with the IACC; ii) developing an index to measure Government compliance with IACC commitments, iii) elaboration of an index to measure Government facilitation of free access to information; iv) updating the National System of Integrity, which measures levels of corruption in different sectors and includes corruption prevention mechanisms; and, v) building a corruption perception and experience index.
- The Program initiated conversations with the Judicial Sector Transparency Commission in order to provide technical assistance to develop a plan for the implementation of IACC commitments as they refer to the Judiciary.
- Two senior officials from the Executive and Legislative Branches attended the International Seminar on Access to Information held in Buenos Aires, Argentina.
- Approval was obtained for a grant to the Centro de Investigaciones Económicas Nacionales (CIEN) to elaborate the Budget Transparency Index for Guatemala.
- The Program staff has initiated a series of a series of consultations and dialogue with key oversight agencies including the National Congress (Legislative Branch), the Presidential Commissioner for Transparency (Executive Branch), the President of the Justice Sector Commission against Corruption (Judicial Sector), and the Probity Directorship of the Office of the Comptroller General, in order to develop specific program interventions in their respective areas of responsibility.
- The National Congress presented a draft proposal aimed at rationalizing Guatemala's legal structure (de-legislation) and improving the Congress' website.
- The Office of the Comptroller, specifically the Probity Directorate, also submitted a proposal to the Program to improve their technical capabilities.

➤ **Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizen needs:**

- The Program has held several coordination meetings with the decentralization and local government program of USAID.
- **Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making:**
 - The Program has established a fund for sub-grants that is aimed at strengthening citizen participation in the oversight of Government transparency.
 - A grant to Coalición por la Transparencia, an alliance between the private sector Chamber of Commerce, the think tank, Centro de Investigaciones Económicas Nacionales (CIEN) and the TI Chapter in Guatemala, Acción Ciudadana was approved to carry out a social audit of a GOG procurement of medicines.
 - A process of dialogue has been opened with private sector representative groups to discuss their participation in the proposed Department of Commerce Business Ethics program and how the T/AC Program can contribute to the establishment by the private sector of effective anti corruption partnerships.

2. PANAMA

- **Sub IR 2.1: More transparent systems for management of public resources by the national government:**
 - The Program has gained the full confidence of the Executive Secretariat of the National Anti-Corruption Council (NAC) and is now in a position to provide advice on the development of its programs, train its technical staff and review and draft key documents, such as its internal regulations and proposals (e.g. those submitted to other GOP entities and international donors).
 - It has achieved a tighter cohesiveness and team approach among members of the National Anticorruption Council around its common objective (much still remains to be done in this area, but the Council has started to take steps in the right direction).
 - Further, it has developed concrete products to strengthen the legal framework against corruption in Panama (namely drafting modifications to the decree that created the National Anticorruption Council and its internal regulations).
 - Members of the National Anticorruption Council have been exposed to international best practices in the fight against corruption that may be replicated in Panama. Flawed experiences were also shared with the Council. They were particularly relevant to help avoid mistakes committed in other countries that rendered anticorruption bodies ineffective (e.g. overlapping corruption control functions).
- **Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making:**

- The Program has been successful in identifying, reviewing, obtaining approval and signing the first small grant in support of a local NGO (Alianza Pro Justicia) closely involved in the judicial reform process. The purpose of the grant is to: a) Promote legal reform to make more transparent the process for selection of Supreme Court Justices; and, b) Improve the capacity of the justice system to prosecute and sanction cases of corruption.

3. NICARAGUA

➤ Sub IR 2.1: More transparent systems for management of public resources by the national government:

- The Program has provided technical assistance through a specialized consultant to the newly formed civil society organization “Movimiento por Nicaragua” to define anti-corruption and communication strategies for more effective results in its activities in the area of promoting citizen participation and government accountability.

➤ Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making:

- The Program coordinated with and provided support to the GON's Office of Public Ethics (Oficina de Etica Publica - OEP) and the University of Centro America (Universidad de Centroamerica - UCA) in the realization of a forum to analyze the status of implementation of the Citizen Participation Law (Ley de Participacion Ciudadana). Products from this event will provide the basis for future activities to disseminate the law.

➤ Sub IR 2.4: Accountability of Elected and Appointed Officials Improved.

- Agreement was reached with the International Republican Institute (IRI) to cooperate in funding an event to raise awareness on the issue of political party financing.

B. MULTI-COUNTRY ACTIVITIES

➤ Monitoring and Evaluation Plan

Guatemala hosted the visit of M&E consultant Javier Jansen to discuss the draft Monitoring and Evaluation Plan sent to USAID on May 6, 2005. During this visit, a meeting to present the plan was held with ODI staff and others at USAID. The USAID CTO has asked for a rework of the M&E Plan to make it more detailed and specific by clearly identifying the results indicators down to lower level results, establishing the units of measure and defining adequate means of verification and data collection. The Program is in the process of identifying and contracting a new M&E consultant to complete the M&E Plan during the following reporting period.

➤ Program Coordination Meeting in Panama

The following summary includes the agenda of topics discussed and conclusions reached during the Program Coordination meeting held in Panama on May 25th and ay 26th between the T/AC Program CTOs, CO and Program Directors. The meeting was held at the Marriott Hotel in Panama City, Panama. The agenda that was previously developed and agreed upon was closely followed, and all topics contemplated for discussion were adequately covered. The following representatives from USAID and Casals & Associates, Inc. (C&A) attended the two-day meeting.

Carla Aguilar, Multi-country and Guatemala CTO
 Maria Nichte Leal, Multi-country and Guatemala alternate CTO
 Braden Enroth, RCO
 Telma Paz, Contracting Specialist
 Mauricio Herrera, El Salvador CTO
 Ana Luz Mena, El Salvador Representative
 Melva D'Anello, Panama CTO
 Felipe Frederick, Panama Alternate CTO
 Luz Marina Garcia, Nicaragua Representative

David Cohen, C&A Vice President, International Programs at Casals & associates
 Patricio Maldonado, Chief of Party
 Carlos Guerrero, Interim Chief of Party/Program Director, El Salvador
 Vivian Mack, Sr. Technical Expert, Guatemala
 Sally Taylor, Program Director, Nicaragua
 Eduardo Flores, Program Director, Panama
 Cara Zalcborg, Program Manager, Casals Headquarters

Welcome Remarks and Agreements on Administrative Issues

Ms. Aguilar chaired the meeting and opened it with brief remarks and the introduction of all individuals present. Since the RCO, Mr. Enroth, was only available for the first morning session, contracting and administrative matters were discussed first.

- Rate and LOE Approval: The CTO can grant LOE approval for a consultant traveling to a given country while rate approval must always come from the RCO.



Multi-Country CTO Welcomes attendants to the CTO/PD Meeting in Panama

- CTOs cannot be granted the ability to approve international travel. The AIDAR states that it is a function of the CO.

- Travel clearance requests, LOE and rate approvals may all be sent simultaneously but no person will travel until all approvals are received. A minimum of 10 working days is required to process the requests.
- Mr. Ravi Suaris, C&A's Operations Manager will continue to provide weekly reports on administrative matters to MC and country specific CTOs and the RCO. These reports will be submitted no later than Tuesday afternoon of every other week.
- The respective country CTOs must approve requests for "sharing" Work Plans and reports with counterparts and other interested parties. In addition, prior to the publishing of any reports, the CTO must give approval.
- The title of the Program. The word "CAM" will be eliminated from the title. Nicaragua, Panama and El Salvador agreed on the name, "Programa de Transparencia y Rendicion de Cuentas", while Guatemala would prefer "Programa de Transparencia y Anticorrupcion". A final decision on the title will be made after consultations within USAID/Guatemala. Carla Aguilar will follow up.
- Business Cards for Program personnel. Each country can choose to use the USAID Branding and have the USAID logo on their business cards or they can choose not to include it. It will be a mission specific decision.
- A written approval request was given to Ms. Aguilar to have Mr. Guerrero remain in Guatemala for an additional week to assist in the transition between COPs. Ms. Aguilar signed a hard copy of a formal approval, and Ms. Zalberg sent an e-mail request to Ms. Aguilar for the record.
- Grants. Mr. Enroth approved the grants format. Grants may be issued accordingly. Each Mission will use its own approval procedures for grants to CSOs. The first three grants to be awarded under the Program must be submitted by Casals to the RCO for review and approval. In the case of direct, non-competitive awards, a written justification must be included.
- Each individual country will decide how often they would like to have formal multi-country CTO and PD meetings.
- Casals is developing a brochure with general and basic information about the Program for general distribution to counterparts, visitors and other interested actors. A draft proposal of the brochure will be submitted to the country CTOs for their review/comments and technical concurrence during the next reporting period.



CTO/PD Meeting in Panama

- It was agreed that follow-up/coordination meetings for this Program are necessary at least during the first year of implementation. The next meeting will take place on September 26th and 27th, 2005 in Nicaragua. The purpose of that meeting will be: a) to evaluate the first year of implementation and, b) to discuss and approve the Work Plan for FY 2006.

Briefing of Project Execution by Country and Presentation of the Work Plan and M&E Plan

Each country-specific Program Director prepared a PowerPoint presentation addressing their individual work plans and the progress to date.

Rapid Response Fund –The Fund-

A series of issues regarding the Fund were discussed, including its purpose and overall funding level. A decision was made to concentrate the use of the Fund to respond to multi-country activities only. USAID agreed to provide Casals with the amount of resources to be provided by each participating country Mission to fund this mechanism. Agreement was also reached that such amount would be equal in each country and that funds in excess of what is currently planned will be reprogrammed to other components of the Program Missions. A budget re-alignment consistent with this information was prepared by Casals and submitted to USAID.

Among other issues, it was also agreed that the name of the fund will be revised. Casals will provide USAID with a proposal on how to make the Fund operational, including technical criteria for the use of the Fund, areas of focus by country and prioritization of activities. During this meeting Casals provided USAID with a preliminary list of topics to be considered under the Fund, from which Political Party Financing was excluded. This list will be used as a basis for the proposal to be submitted by Casals.

Upon the suggestion of the RCO, a selection criteria and a clear procedure will be included in order to ensure that the fund will be used only for the purposes agreed upon by the participating countries.

M&E Plan

C&A presented a matrix containing proposed “indicators” as requested by USAID. It was agreed that each PD and country-specific CTO will work jointly during the following weeks to develop acceptable indicators in order to update and validate the matrix. Each participating country would then send their comments by COB June 3rd to the MC/CTO and the COP for consolidation. After indicators are agreed upon, each participating country Program team will meet with the country-specific CTO in order to identify baseline data, units of measure and means of verification for each of the chosen indicators. The Overall M&E Plan will contain each country’s specific indicators as well as overall indicators for the Program as required in the TO. It should be noted that at the end of this reporting period the M&E Plan is still a work in progress.

Gender Strategy

USAID provided feedback on the Program’s Gender Action Plan explaining that the Plan did not explain in detail how proposed results would have an impact on and incorporate the participation of women. Accordingly, it was agreed that the Plan, in addition to being a Gender Strategy to cover the life of the Program, should include more specific information to address gender issues. Ms. Aguilar recommended that a gender expert be contracted to review the Gender Strategy to ensure that it is responsive to the reality of the situation. Preliminary steps have already been taken in recruiting potential consultants for this task.

Intranet

Casals presented the Intranet that had been created for use by the T/AC program. It was agreed that the Intranet would be a useful tool in monitoring program activities as well as being a site to share documents, ideas and updates. USAID will provide C&A with the names of those Mission officers that will be granted access to this Intranet as well as their corresponding passwords.

Contract Modification

A contract modification will be done to include the following items:

- Change the Multi-Country CTO from Sharon Van Pelt to Carla Aguilar.
- Increase the Guatemala Budget by \$70,000 in order to fund a grant to the Congress (pending RCO approval)
- The Rapid Response Fund section will contain new language
- The reporting section will be replaced with the actual due dates and deadlines decided upon at project start-up and agreed upon during Guatemala's meeting.
- Section A.9 will be modified based on the budget modification of LOE.
- The Rapid Response Fund amounts will be the same for each country and the remaining funds, if any, will be allocated to other areas of the country-specific program.
- A question was presented by USAID to C&A about the structure of the Sub-awards component. Specifically, concerning the rationale for having the sub-contracts as a separate line item since both sub-contracts and sub-grants (referred to as "funds for CSO" in the budget) may be considered as part of a sub-awards component. C&A will provide a response to USAID/Guatemala so that any necessary changes are made as part of this modification.

GUATEMALA

Introduction

This quarterly report covering the period April 1 through June 30, 2005 is being presented by Casals & Associates, Inc. (C&A) in compliance with both Contract DFD-I-00-03-00139-00 and Task Order No. DFD-I-03-03-00139-00, Transparency, Anti-corruption, and Accountability Program (T/AC).

I. Technical Update

ii. Key Activities by Sub-IR and LLR for the Quarter

SO: Ruling Justly: More Responsive, Transparent Governance

IR 1 – Strengthened Rule of Law

IR 2 – Greater Transparency and Accountability of Governments

Executive summary:

On April 11th, the USAID Office of Democracy Initiatives (ODI) hosted a ceremony to present different ODI Programs to a selected audience which included participation of the US Ambassador, government officials, civil society organizations and donors. The T/AC Program in Guatemala and Headquarters worked with the USAID CTO to develop an interactive presentation and to put together a stand to showcase publications and materials produced by C&A and others on the subject of anti-corruption. It was also an opportunity to introduce the Contract Chiefs of Party for the USAID Programs that were being launched, including Patricio Maldonado, Chief of Party for the T/AC Program.



**T/AC Program Launching Ceremony
in Guatemala**

After several discussion meetings and presentations, the Guatemala Work Plan was approved on June 18th. The approved Work Plan for Guatemala, its outline and content, was used as a model for the work plans of the other countries that participate in the T/AC Program (Nicaragua and Panama for the time being and El Salvador at a later date) and contributed to facilitate their approval. It should be mentioned that before the work plan approval, the Guatemala Program implemented, with CTO approval, some initial activities such as: a planning workshop for the Presidential Commissioner for Transparency and Against Corruption; and, a seminar on the subject of free access to information.

As mentioned in the previous Quarterly Report, the T/AC Program personnel held several meetings with actual and potential counterparts. As a result, at least 10 projects

were presented to the Program, by Government agencies and civil society organizations. A Technical Committee was created as a quality control instance within the T/AC Program, with the dual purpose of critically analyzing and reviewing activity proposals as well as Program deliverables and products. The Technical Committee includes Patricio Maldonado, Guatemala Program Director, Vivian Mack and Rubén González, Guatemala's Technical Advisors. All projects presented to date have been rigorously reviewed by the Technical Committee, and pertinent follow-up actions have been identified and undertaken in order to bring proposals to a point where they meet Program approval criteria and can be processed for award. This process has taken a major portion of the Program staff level of effort as it has involved intensive discussions and negotiations with government and civil society counterparts.

The process of completing documentation for grant awards to civil society organizations grants has also been an important activity during the reporting period, and although no grants were signed through June 30th, 2005, three sets of documents for an equivalent number of grant awards are ready to be processed for final Contracts Office approval in the month of July. For example, the proposal presented by Centro de Investigaciones Económicas Nacionales (CIEN), to develop a Budget Transparency Index has been approved by the Technical Committee and the respective CTO and documents are ready for CO approval.

An important multi-country meeting, internal to the T/AC Program (Program Directors and CTOs for Guatemala, El Salvador, Nicaragua and Panama, plus the Regional Contracts Office), was held in Panama May 23 - May 27 to discuss technical and administrative issues and to arrive at decisions aimed at facilitating and streamlining Program implementation. The agenda included such aspects as the M&E Plan, Multi-Country Activities, the Opportunity Fund; grants award procedures, USAID approvals, Intranet, and the Gender Action Plan.



CTOs/PDs Meeting in Panama

A. Sub IR 2.1: More transparent systems for management of public resources by the national government

LLR 2.11: National anti-corruption/transparency strategy completed and implemented

In support of the Presidential Commissioner for Transparency and Against Corruption, the Program has agreed to implement three consultancies related to: 1) Logistics and organization of the 12th Transparency International Conference to be held in Guatemala in November, 2006; 2) Institutional Strengthening, which principally includes elaboration of a national strategy for transparency within the Government of Guatemala; and, 3) The design of a Communications Campaign to better inform the general public about

what the GOG is doing to improve transparency and curtail corruption. Terms of reference for these consultancies were discussed during this period and the Commissioner has already formally requested the first one, which is in the process of being approved and signed.

This initial consultancy will involve systematic coordination meetings with pertinent government and civil society officials and will provide technical advice to the Presidential Commissioner and the Multi-sector Council for Transparency (MCT) in the compliance of the requirements for the organization of the 12th Transparency International Conference. The consultant to be contracted will also organize meetings with stakeholders and participating organizations to define roles and responsibilities, elaborate a calendar of activities, and work on the logistic and administrative aspects of the Conference.

Two other consultancies are on hold due to the decision of the MCT, an important support group of the Presidential Commissioner. At their last meeting, they decided to request a meeting with the President of the Republic to agree on the following: 1) The institutionalization of the Presidential Commissioner as a permanent rather than merely a temporary secretariat; 2) The signing of a Presidential Decree to regulate access to information within the Executive Branch; and, 3) Access to information and transparency in budget execution for the principal social and trust funds. For now, The Multisectoral Council has decided not to move forward with other consultancies until a positive response is received from the President on these topics.

The Program has also provided the Multi-sector Council with resources to organize two discussion groups to talk about the role and obligations of the Commission and the Council, and develop internal rules and guidelines to regulate the work of the Commission.

LLR 2.1.2: Implementation of the commitments of the Inter-American Convention against Corruption (IACC)

Acción Ciudadana, a civil society organization and TI Chapter in Guatemala, submitted a proposal which included, among other components, one that is designed to monitor Government compliance with the IACC. This component contemplates activities in two main areas: 1) elaboration of an index that will measure Government compliance with IACC commitments; and, 2) the establishment of a civil society group that will conduct social auditing (monitoring) of the progress achieved by the State of Guatemala in compliance with IACC commitments.

Another component of the Acción Ciudadana proposal refers to the elaboration of an index that will be used as a social auditing tool to measure the degree to which the Government facilitates free access to information by civil society and the general public. Presently, a freedom of information law is before the National Congress for enactment and Acción Ciudadana, together with other civil society groups is actively lobbying for the passing of this important legislation. This component has been approved by the

T/AC Program Technical Committee and the USAID CTO, and the corresponding grant approval is in process.

In order to advance in the coordination of cross-cutting issues and the promotion of synergies between USAID Programs, the USAID Rule of Law Program and USAID T/AC Program visited the Supreme Court Justice Magistrate who is President of the Justice Sector Commission Against Corruption. As a result of this visit and the needs expressed by the Magistrate, the T/AC Program has decided to provide technical assistance to the Commission to assist the Judicial Branch in defining and establishing a strategy and a work plan to coordinate compliance with IACC commitments as a permanent policy of the State of Guatemala that will transcend democratic transitions in the Executive Branch. The terms of reference for this technical assistance are presently being negotiated and are expected to be implemented in the next quarter.

In providing technical assistance to the GOG and the National Congress to further promote implementation of the IACC, the Program financed the attendance of two senior officials from the Executive and Legislative Branches to the International Seminar on Access of Information held April 28th and 29th in Buenos Aires, Argentina. The participants were Ms. Anabella Morfín, member of the MCT, and Mr. Sergio Camargo, congressman. The seminar provided comparative experiences and an opportunity for exchange of information between countries that already have an Access of Information Law among government and non-government participants.

LLR 2.1.3: Improved national government budget transparency, management and execution

The Centro de Investigaciones Económicas Nacionales (CIEN), a civil society organization, presented to the T/AC Program an activity proposal to elaborate the Budget Transparency Index for Guatemala, which is part of a Central America Regional effort in this area. CIEN is the only Guatemalan institution that has received the training and the methodology to develop the index. This index will be implemented for the first time in Guatemala in 2005.. The index is developed, published and disseminated every two years and a regional report will be completed this year which will compare and report on budget transparency among participating countries. The proposal has been approved by the T/AC Program Technical Committee and the USAID CTO. The award documentation is being processed by the CO for final approval and implementation. The final report resulting from the development of the Index will include a series of recommendations on public policy reform to improve budget transparency, and they are expected to be implemented by participating countries in the following years.



Mexican Consultant visits Guatemala to Train CIEN staff on BTI Methodology

A Mexican consultant, Mariana Perez, was contracted for a two-day workshop in April to complete training CIEN staff on methodology and to discuss final details of the survey/interviews to be implemented.

The Grupo de Apoyo Mutuo (GAM) presented a proposal to systematize the monitoring of the military budget. The T/AC Program Technical Committee has reviewed the proposal and has concluded that, while it would be very important to have a technically sound methodology to do social auditing of the military budget, the proposal, as written, has a strong political bias and will require further consultation with USAID and with GAM if USAID considers that it is adequate for the T/AC Program to continue to pursue this initiative.

LLR 2.1.4: Systematic Government deficiencies identified and addressed in key line ministries

Activities related to this LLR are based on the assessments coordinated by USAID in different Government ministries and institutions. A USAID committee is analyzing the results and recommendations of each of the institutional assessments that were conducted in order to prioritize possible lines of actions, including a potential role for the T/AC Program. After the Committee agrees on the institutional priorities, the Program will look into the possibility of working with key line ministries.

The Fundación Derechos Económicos, Sociales y Culturales para América Latina (DESC), submitted a proposal to conduct an analysis to define a reform agenda aimed at improving transparency in three key areas: discretionary government spending, procurement and budget designation criteria. The Program Technical Committee has reviewed the proposal, and, given potential political ramifications and sensitivities in the proposed activity, is awaiting CTO guidance on how to proceed.

In accordance with Activity 2 of the Guatemala Workplan, Acción Ciudadana, as part of the proposal that was mentioned under LLR 2.1.2, included a component to update the National System of Integrity, which measures levels of corruption in different sectors and includes corruption prevention mechanisms.

LLR 2.1.5: Initiatives to reduce petty corruption (solicitation of bribes) developed and implemented

In the proposal that has been mentioned before in this quarterly report, Acción Ciudadana included a component to build a corruption perception and experience index. This index, which is based on victimization surveys, explores direct citizen experiences with corrupt practices by looking into the solicitation of bribes in the provision of public services. It measures the number and cost of corruption acts, their frequency, and evaluates progress over time to reverse the situation. Acción Ciudadana will share the results of this survey with different actors, including the media, so that they can make pertinent recommendations and pursue administrative reform to reduce petty corruption. As stated above, the Program Technical Committee has reviewed Accion Ciudadana's proposal and has requested the corresponding CTO technical concurrence.

LLR 2.1.6: Key oversight agencies strengthened

The Program staff has initiated a series of consultations and dialogue with key oversight agencies to initiate specific interventions to strengthen their role in promoting transparency and preventing corruption. Agencies approached by the Program include the National Congress (Legislative Branch), the Presidential Commissioner for Transparency (Executive Branch), the President of the Justice Sector Commission against Corruption (Judicial Sector), and the Probity Directorship of the Office of the Comptroller General.

The initiatives directed to the Presidential Commissioner and the President of the Justice Sector Commission have already been mentioned above. The National Congress has presented a draft proposal aimed at rationalizing Guatemala's legal structure (de-legislation) and improving the Congress' website. The T/AC Program is awaiting guidance from USAID in order to proceed.

The Office of the Comptroller, specifically the Probity Directorate, also submitted a proposal to the Program to improve their technical capabilities. Consideration of this proposal requires coordination with other technical areas of USAID. The USAID CTO is already taking steps to implement such coordination and a definition of potential activities with the Probity Directorate.

B. Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizen needs

Unlike other T/AC countries where national and municipal programs are integrated into the T/AC Program, there is a clear separation between them at USAID Guatemala where there is a separate project to deal with transparency and social auditing at the municipal level. Accordingly, after a coordination meeting that will take place in early July, the Mission will decide the role, if any, that the T/AC program may have at the municipal level.

In the meantime the T/AC Program received an activity proposal from NGO Coordinadora Sí Vamos por la Paz (COVAPAZ) requesting funds to conduct social auditing at the Municipal level. However, the methodology proposed by COVAPAZ does not coincide with the methodology that has been approved by USAID for this type of activity. Accordingly, a negative response has been sent to COVAPAZ with the recommendation to directly approach the decentralization Program staff in USAID if they want to further pursue USAID cooperation in this area.

C. Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making

LLR 2.3.1: Strong civil society participation and oversight

The Program has established a fund for sub-grants that is aimed at strengthening citizen participation in the oversight of Government transparency. Grant Guidelines and formats for this purpose have been developed and approved by USAID. Through this mechanism, the Program has approved (as discussed above), a grant to the NGO CIEN during this period, and is processing two additional grants to Coalición por la Transparencia and Acción Ciudadana.

As mentioned earlier, the Program Technical Committee has thoroughly reviewed all of the proposals that have been received to date from civil society organizations and the GOG. The Program is now actively engaged in processing the corresponding USAID approvals and documents to implement those activity proposals that have been favorably considered.

Coalición por la Transparencia, an alliance between the private sector Chamber of Commerce, the think tank, Centro de Investigaciones Económicas Nacionales (CIEN) and the TI Chapter in Guatemala, Acción Ciudadana, was called by the Government to carry out a social audit of a recently completed procurement process for the acquisition of medicines. Coalición por la Transparencia has the experience and credibility to accomplish this sensitive mandate and, accordingly, the Program Technical Committee has decided to award a grant for this purpose.

LLR 2.3.2: Clear leadership role and ethical standards for the private sector

As a result of close coordination with the USAID Mission's Trade and Economic Analysis area and the US Department of Commerce, an initiative is being launched to implement a Business Ethics Program in Guatemala. The initiative was initiated with visits and dialogue with private sector representatives to discuss the proposed Business Ethics activity and how the T/AC Program can contribute to the establishment by the private sector of effective anti-corruption partnerships. These visits included Roberto Ardón, Executive Director of CACIF (a Coordination Committee for Agro Business, Commercial, Industrial and Financial Associations) and Edgardo Wagner, President of the Chamber of Commerce. There is initial interest on the part of the individuals interviewed, and follow-up activities will be carried out by the Program during the next reporting period to make progress towards the implementation of the business ethics activity.

The Program received another proposal from the Sistema de Monitoreo de Obras Públicas (SIMOP), a private sector initiative activity that is being implemented by the Construction Chamber and administers a database system that monitors and conducts social auditing of large GOG procurements in the area of infrastructure construction projects. SIMOP also coordinates with Guatecompras, the internet database that collects most of the construction procurement in the central Government and in

municipalities. After the initial review, the proposal was sent back to the Chamber for revisions and will be presented again in the month of July.

LLR 2.3.3: Capacity of the media to report on transparency and corruption issues increased

The T/AC Program Technical Committee reviewed a proposal presented by a journalist to conduct an assessment which is designed to identify the strengths, weaknesses and threats of Guatemalan journalism in order to improve the technical capacity of journalists to carry out investigative reporting on cases of corruption. Given potential political sensitivities, this proposal is being discussed with the USAID CTO and with the USAID Office of Public Relations before a final decision is made.

➤ List of In-Country Training Events

Training Program	Field of Study	Relationship to the objectives	Date	Female	Male
International Seminar on Access to Information	Access to Information, IACC commitments	LL2.1.2	April 26-30, 2005	1	1
Multi sectoral Council for Transparency (MCT), Presidential Commissioner	Roles and responsibilities of the MCT	LL 2.1.1	April 4, 2005	3	4
Multi sectoral Council, Presidential Commissioner	Planning process of the emerging entity.	LL 2.1.1	June 26, 2005	4	5

iii. Other activities:

➤ Donor coordination

Since in Guatemala most of the international donors and organizations are gathered in an informal forum called the “Dialogue Group”, this is the best point of reference to discuss and coordinate donor activities in different areas. Under USAID leadership, the Program is aiming at taking advantage of this opportunity to discuss transparency and anti-corruption plans. The Program will also discuss activities with the donor community, explain the scope and objectives of the T/AC Program and hopefully establish a permanent transparency and anti-corruption coordination mechanism among donors.

In the meantime, the Program has been sharing information and coordinating some activities with representatives from the International American Development Bank (IADB), the United Nations Development Program (PNUD), the Organization of American States (OAS), the Japanese International Cooperation Agency (JICA), Canada, Norway, and others that have transparency projects in their portfolios.

iv. Achievements and Obstacles

The Transparency and Anti-corruption Program in Guatemala was launched by USAID in a well-attended ceremony held April 11, 2005. The attendees were civil society representatives, the private sector, the Government and the donor community. During the ceremony these representatives learned about the USAID Programs in the area of Democratic Initiatives. Also, the US Ambassador in Guatemala, John Hamilton, pointed out that preventing impunity and combating corruption are among the greatest challenges for Guatemala, and for that reason



US Ambassador and USAID Mission Director at Guatemala T/AC Program Launching Ceremony

USAID Programs are focused on promoting important reforms that would strengthen transparency and accountability within the public sector.

During this period, the Program has achieved a very good and open level of communication with the GOG, CSOs, the private sector and other actors. In this area, the Program has established credibility and trust among different actors and players involved in transparency and anti-corruption in Guatemala. The increasing number of activity proposals that have been and continue to be presented to the program are evidence of this achievement. It can be stated with certainty that the Program is now a well-established entity and that individuals and institutions are seeking its support.

The approval of grant guidelines and formats has facilitated the Program Technical Committee's review and acceptance or rejection of activity proposals presented by the GOG and CSOs/NGOs. The Technical Committee is proving to be a very effective instrument in analyzing proposals and in guiding applicants to improve the quality, objectivity and clarity of such proposals.

An important obstacle thus far has been the lack of definition on the part of the GOG about the more permanent institutionalization of the Office of the Presidential Commissioner for Transparency and Against Corruption. The Secretariat that has is being discussed at the highest levels of the GOG does not find a way to materialize and thus, critical aspects such as the development of a clear and coherent Government anti-corruption strategy are being delayed to a point where the credibility of the Executive Branch vis-à-vis its real political will and resolve to deal with corruption issues is under serious scrutiny and question by civil society.

Another notable obstacle to achieving progress in advancing Program objectives more rapidly is the general lack of expertise that exists among public and private institutions, with some exceptions, in preparing clear and comprehensive activity proposals that are coherent, clear and internally consistent. The Program is patiently working through this

deficiency and is providing advice to counterparts (and will continue to do so) on how to prepare sound proposals to potential donors.

II. Planned Activities by each Sub-IR and LLR for the next Quarter

SO: Ruling Justly: More Responsive, Transparent Governance

IR 1 – Strengthened Rule of Law

IR 2 – Greater Transparency and Accountability of Governments

A. Sub IR 2.1: More transparent systems for management of public resources by the national government

LLR 2.11: National anti-corruption/transparency strategy completed and implemented

- Hire the consultant to the Presidential Commissioner for Transparency that will assist in the logistics and organizational aspects of the 12th Transparency International Conference to be held in Guatemala in November, 2006.
- Follow up on the consultant's activities.
- Continue supporting the periodic meetings of the Multi-sector Council for Transparency.
- Work with the Presidential Commissioner to initiate the development of the GOG transparency and anti-corruption strategy.

LLR 2.1.2: Implementation of the commitments of Inter-American Convention against Corruption (IACC)

- After receiving the CTO technical concurrence, submit the Acción Ciudadana grant documentation for RCO approval. Follow up on the elaboration of the Index for measuring compliance with IACC commitments.
- Contract a Consultant to elaborate the Judicial Branch work plan and strategy to implement State of Guatemala commitments vis-à-vis the IACC.

LLR 2.1.3: Improved national government budget transparency, management and execution

- Follow up on the CIEN grant approval process already sent to USAID, sign and implement the grant.
- Follow up on the activities planned for the preparation of the Budget Transparency Index.

- Follow up with USAID on the guidance they need to give to the Program to facilitate a decision on the proposal presented by GAM to monitor budget transparency in the military.

LLR 2.1.4: Systematic Government deficiencies identified and addressed in key line ministries

- Contract short consultancy as soon as USAID prioritizes specific lines of action.
- Follow up on USAID guidance regarding Fundación DESC activity proposal.

LLR 2.1.5: Initiatives to reduce petty corruption (solicitation of bribes) developed and implemented

- After getting the CTO technical concurrence, send grant documents for Acción Ciudadana to the RCO for approval.
- Follow up on activities related to the development of the corruption perception and experience (victimization) Index (IPEC).

LLR 2.1.6: Key oversight agencies strengthened

- Follow up on pending USAID guidance to resolve the proposal for Program support presented by the National Congress.
- Follow up on USAID guidance to respond to the proposal presented by the Probity Directorate of the Office of the Comptroller.

B.Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizen needs

- Hold meetings with USAID Local Governments Program to coordinate activities and decide on T/AC Program involvement at the local level, if any.

C.Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making

LLR 2.3.1: Strong civil society participation and oversight

- Continue to review and analyze within the Program Technical Committee the activity proposals received from civil society and other organizations and obtain approvals to implement those proposals that are consistent with program objectives and level of effort.
- Follow up on the Coalicion por la Transparencia grant approval process already sent to USAID, sign and implement the grant.
- Develop and submit for USAID consideration a Donor Coordination Plan.
- Prepare a donor meeting with USAID concurrence.

LLR 2.3.2: Clear leadership role and ethical standards for the private sector

- Continue visiting private sector representative institutions that are interested in pursuing such transparency activities as the Business Ethics Program.
- Coordinate with the US Department of Commerce to initiate the Ethics Program in Guatemala.

LLR 2.3.3: Capacity of the media to report on transparency and corruption issues increased

- Follow up on USAID guidance regarding the activity proposal that is pending resolution in this area.
- Continue to explore possibilities to strengthen the work of journalists, particularly in the area of investigative reporting.

III. Administrative Update

i. Staffing

The recruitment process to fill vacant positions was conducted as follows:

Ms. Yasha Mendizábal, Finance-Office Manager

Ms. Rebeca Aldana, Administrative Assistant

Mr. Carlos Guerrero was assigned the position of Acting COP from March 20 to June 3, 2005. Patricio Maldonado arrived at post on May 27, assumed his responsibilities as permanent COP for the Program and overlapped with Mr. Guerrero to provide for a smooth transition during the week of May 30 to June 3.

Upon USAID approval of the pending budget modification, a second administrative assistant will be hired.

From June 20 - to June 24, 2005, Program financial officers attended a Financial Management Training Workshop held at Casals Headquarters. Topics included explanations on how to manage funds, grants, consultants, contracts, control systems (Quick books), travel expenses, disbursements, forms, audits, etc.

Office furniture

Upon USAID approval of the budget modification, complete the purchase of office furniture.

ii. List of Documents Submitted to DEC during this Reporting Period

- Guatemala Workplan

Panama

Introduction

Article I. This quarterly report for April - June, 2005 is being presented by Casals & Associates, Inc. (C&A) in compliance with Contract DFD-I-00-03-00139-00 and Task Order No. DFD-I-03-03-00139-00 (Central America and Mexico Anti-corruption, Transparency and Accountability Program).

Article II. I. Technical Update

Article III. i. Key Activities

Following is a description of key activities conducted in this period broken down by Sub Intermediate Results and Lower Level Results.

SUB IR 2.1: More Transparent Systems for Management of Public Resources by the National Government

LLR 2.1.1: National anti-corruption/transparency strategy completed and implemented.

Developing a Strategic Plan for the National Anticorruption Council

The launching of USAID/Panama's anticorruption program coincided with the appointment of Alma Montenegro de Fletcher (former Solicitor General and widely regarded as an experienced and proactive government official) as new Executive Secretary at the National Anticorruption Council (henceforth the Council or NAC). Her designation was largely motivated by the lack of results shown by her predecessor and a general perception that the Council lacked cohesion and a clear understanding of its role (which in turn resulted in confusion by the media on the scope of its authority). For instance, the mere fact that the Council's Executive Secretary is often referred to in the media as "Anti-corruption Czarina" contributes to maintaining the false expectation that is authorized to prosecute corruption cases. In recognizing this as an imperative issue to address, the Program focused most of its efforts this quarter towards consolidating the institutional structure of the Council and its Executive Secretariat. This involved advising the Council on the design of its strategic plan as a mean of unifying public policy criteria and defining the nature and scope of its functions based on international experiences (both successful and flawed). Completion of this task will then permit the Council to develop an effective and far-reaching national anti-corruption strategy in the upcoming quarters.

As per circumstances motivated by the program itself, we were invited to develop the Council's strategic plan at its ordinary meeting on May 17, 2005. In preparation for this session (organized in the format of a strategic planning workshop), the program conducted preliminary interviews with all of its members (see box below):

The consultations were intended to obtain each member's perspectives on key features of the Council (e.g. legal framework, structure, functions, mission and nature) and to identify their immediate priorities in terms of the Council's course of action.

Early results of this process revealed the following strengths:

- Panama's ratification of international anticorruption conventions (OAS and UN) provides a favorable context for the adoption of preventive measures.
- There was a widespread recognition that the Council needs to start showing concrete results that support its creation and the government's campaign promises to fight corruption.
- There was a positive attitude towards adopting a strategic plan for the Council.

The interviews also disclosed potential sources of conflict and institutional weaknesses, which include the following:

- The executive decree that created the Council bestowed it with functions that overlap with the authority of other GOP agencies (specifically, the Solicitor General's Office, the Attorney General's Office and the Office of the Comptroller General).
- The Council lacked its own institutional identity.
- The apparently low credibility of the Council is due to false expectations engendered at its inception.

Composition of the National Anticorruption Council

- Ecumenical Council of Panama (*Comité Ecuuménico de Panamá*).
- Transparency International's local affiliate (*Fundación para el Desarrollo de la Libertad Ciudadana*)
- National Council of Private Corporations (*Consejo Nacional de la Empresa Privada*).
- National Labor Council (*Consejo Nacional de Trabajadores Organizados*)
- Office of the Comptroller General (*Contraloría General de la República*)
- Attorney General's Office (*Procuraduría General de la Nación*)
- Solicitor General's Office (*Procuraduría de la Administración*)
- Ombudsman's Office (*Defensoría del Pueblo*)
- A representative of the media.
- President's chief of staff (*Ministro de la Presidencia*),

Following the early consultation process, the program prepared a summary report of the above interviews and a working document with recommendations on how to redefine the Council's scope and functions. The recommendations were based on international conventions, lessons learnt and best practices applicable to the political and legal context in Panama. Additionally, the program finalized a comprehensive study of the legal framework that governs the fight against corruption in Panama. The study researched the anticorruption authority (preventive, investigative and/or punitive measures) of the National Anticorruption Council, its Executive Secretariat and other GOP agencies. Its results identified the overlapping functions that exist among GOP

agencies in these areas. All of these documents were presented for NAC's review prior to the strategic planning session of May 17. This special meeting sought to set the foundations of NAC's strategic plan (with short, medium and long term objectives). International consultant Pedro Votruba, former Executive Director of Ecuador's Anticorruption Commission and Rafael Reyes, one of the program's technical advisors, served as the event's facilitators. The session's introductory segment featured a presentation on model practices related to anticorruption commissions, which focused primarily on the use of preventive mechanisms. The program then worked with NAC members in identifying their common values and vision as a preliminary step to defining their scope of work and immediate and future actions.

The strategic planning session with NAC had the following impact:

- NAC members reached a consensus that the design of public policies on anticorruption is a key element of their mandate. Most of them agreed that NAC should concentrate its efforts on preventive strategies and discard others (particularly the investigative function) that create duplication of efforts and overlap with those assigned to other GOP agencies, such as the Attorney General's Office and the Solicitor General's Office.
- Three GOP agencies (Attorney General's Office, Comptroller General's Office and the Solicitor's Office) recognized the importance of their participation at the National Anticorruption Council. Prior to this meeting, the heads of all three entities questioned their membership on it.



Strategic planning session with the National Anticorruption Council (May 17, 2005)

The contentious nature and length of the deliberations did not allow for the conclusion of the strategic plan within the short frame of this session. To move forward with this

purpose, a special two-day meeting was scheduled for mid June in a secluded area (Gamboa) to fully concentrate its participants on finalizing the document. However, conflicts in the agenda of the Council's members and political disturbances delayed the session twice, and it was eventually postponed until the next quarter (tentatively July 22-23).

As per request of the President's Chief of Staff, the program completed a base strategic plan for the Council's consideration. By advancing the preparation of this document, the program seeks to simplify its discussion and approval in the next meeting of the Council. In coordination with the Executive Secretariat, the program also started working on a revised version of the decree that created the Council and drafted its internal regulations. All proposed changes to the decree were based on areas of general consensus within the Council (e.g. focusing activities on preventive measures and extending participation in the Council to other entities through specific activities) and on flaws identified by the Program.

Making the media aware of the direction of the Council's role.

Parallel to the first event with the Council and taking advantage of Votruba's presence in Panama, the program organized, in conjunction with the Embassy's Public Affairs Section (PAS), a roundtable discussion with media representatives (newspaper directors and heads of journalist associations). By presenting them with an overview of the work that is being conducted with NAC and other countries' experiences in the fight against corruption, the meeting was intended to serve as the program's first approach to local media outlets.



Roundtable discussion with media representatives

Additionally, the program worked together with NAC's Executive Secretariat in arranging radio and TV interviews (sanctioned by the Embassy's PAS) featuring the international anticorruption specialist. Media contacts were held to support and further advance our strategic objectives in connection with the revamping of the National Anticorruption Council.



Media interviews



Media interviews

Providing continuous support to the Executive Secretariat of the National Anticorruption Council (NAC).

Throughout this quarter, the program supported the Council's Executive Secretariat in training its staff on anticorruption best practices and designing initiatives that do not interfere with the authority of other GOP agencies. Specifically, the program worked with technical staff from the Secretariat in drafting two projects on the subjects of accountability and transparency. Additionally, the program began to jointly analyze and prepare activities to monitor compliance with Law 6 on Transparency and Access to Public Information. The program also began the preparation of overarching anti-corruption policies to be presented for discussion at NAC's strategic planning session on July 22-23, 2005.

Exposing members of the National Anticorruption Council to international best practices

With the purpose of exposing GOP officials and CSOs representatives to best practices in the fight against corruption, the program invited two members of the National Anticorruption Council (Alma Montenegro de Fletcher, Executive Secretary and Angélica Maytín, NGO Representative) to attend an international seminar on Gender and Corruption in Quito, Ecuador (June 20-24). The event featured anticorruption speakers from 11 countries (Argentina, Canada, Colombia, Chile, the Dominican Republic, Bolivia, the U.S., Mexico, Peru, Uruguay and Ecuador) including Panama, who discussed the links between anti-corruption efforts and gender equality in Latin America. Simultaneously, the program organized meetings for its two guests with local counterparts, such as the Ecuadorian Anticorruption Commission, *Coalición Acceso* (a network of NGOs that specialize in promoting access to information) and the National Telecommunications Council, the government entity responsible for overseeing online compliance with Ecuador's Freedom of Information Act. Based on their visit to Ecuador, the Council's members brought back key information on failures and successes in the implementation of anticorruption strategies.



International seminar on Gender and Corruption (Quito, Ecuador. June 20-24)



International seminar on Gender and Corruption (Quito, Ecuador . June 20-24)

LLR. 2.1.2. Implementation of the commitments of the Inter-American Convention against Corruption (IACC).

As per our Work Plan's schedule, the program is planning to conduct activities in connection with this LLR in the upcoming quarter

LLR. 2.1.3 Improved national government budget transparency, management and execution.

See LLR 2.2.2.

LLR 2.1.4: Systemic government deficiencies identified and addressed in key line ministries.

Disseminating best practices and experiences in the fight against corruption

As per request of the Council's Executive Secretariat, the program offered four two-hour presentations on ethics and public integrity to GOP officials at the Ministry of the Interior and Justice (*Ministerio de Gobierno y Justicia*), the National Police (*Policía Nacional*) and the *Policía Técnica Judicial* (see pictures below). These presentations served as an introduction to ethics in the public service and were aimed at creating awareness of the need to involve government officials at all levels in anticorruption efforts.



Presentation on ethics and public integrity at the Ministry of the Interior and Justice



Presentation on ethics and public integrity at the *Policía Técnica Judicial*

Reviewing ACP's anti-corruption practices likely to be adapted to other GOP agencies

On June 9, the program held an interview with Enrique Sánchez, Contracts Manager at Panama's Canal Authority (ACP), to review its procurement system for potential adaptation at selected GOP entities. As a result of this meeting, the program identified

some of the legal and institutional issues that account for the success of ACP's system. These include, among others, the following: a non-bureaucratic procedure open to the public's scrutiny, the decentralization of purchasing responsibilities and authority towards technical staff (generally, high-level officials do not have an active role in the process), an online procurement model that may also detect wrongdoing and a strong culture of ethics supported by effective enforcement mechanisms. As follow-up, the program will attend another meeting with the ACP's Inspector General in the near future.

LLR. 2.1.5 Initiatives to reduce petty corruption (bribe solicitation) developed and implemented.

Promoting the development of a National Integrity Index. Towards the end of the quarter, the program began to promote among civil society groups (particularly through Transparency International's local affiliate) the need to develop measurable indicators to pinpoint areas threatened by corruption and assess the impact over time of anticorruption strategies.

LLR 2.1.6. Key oversight agencies strengthened.

Defining joint initiatives with the Office of the Comptroller General

On June 17, 2005, the program held a working meeting with GOP officials at the Office of the Comptroller General to review potential support activities. As a result of this meeting, the program presented for the consideration of the Comptroller General a proposal addressing a specific request to develop a training program on government auditing (with a focus on forensic, public works and financial auditing). The first course, on public works auditing, is scheduled to take place in early August. The program anticipates expanding its support to the Office of the Comptroller General into other areas in the upcoming quarters.

SUB IR 2.2: Increased Devolution of Responsibilities and Resources to the Local Level Resulting In Greater Responsiveness by Local Governments to Citizens Needs.

LLR. 2.2.1 Improved decentralization policy framework.

Several international donors are already engaged in decentralization programs in Panama. Thus, in accordance with the Mission's Activity Design Document, activities under this Sub-IR will be directed towards transparency and anti-corruption, rather than decentralization per se, as detailed in LLR 2.2.2.

LLR. 2.2.2 Improved local government budget transparency and accountability standards in selected municipalities.

Preliminary activities in budget transparency

Following up on a recommendation by John Danilowicz, Narcotics Affairs Section Director, the program arranged several informational meetings with GOP officials to introduce them to our program and explore areas of potential collaboration in budget transparency within the *Consejos Consultivos Comunitarios*.

On June 7, the program conducted a meeting with Rafael Mezquita, Executive Secretary to the president, and other members of his staff. The main factor that prompted this meeting (advancing activities in budget transparency) seems to be weakly related to the *Consejos*, as presently conceived. At first review, they need to demonstrate that they are not driven by partisan politics and may become an effective tool in promoting citizen participation. For instance, the *Consejos* require coordinating closely with other GOP agencies (specifically, the Ministry of Economy and Finance and the *Fondo de Inversión Social*) to ensure that their results translate into specific policies that address community development priorities. Genuine and widespread citizen participation seems to be another area of potential improvement. Subsequently, the program held additional meetings with other GOP officials linked to this type of effort. These included interviews with Mateo Castellero-Barahona, Director of Regional Planning at the Ministry of Economy and Finance, Felipe Cano, head of local government initiatives at the Ministry of the Interior and Justice, and Israel Rodriguez, then Director of the Social Investment Program (PROINLO).

In the next quarter, the program will meet with CSO representatives that work on local development initiatives (with a focus on promoting transparency practices) in order to finalize a plan of action on this matter.

SUB IR 2.3: More Opportunities for Citizen Participation in and Oversight of National Government Decision-Making.

LLR 2.3.1: Strong civil society participation and oversight.

Promoting civil society involvement in the fight against corruption through a small grants program

In response to the presentation of a proposal, the program completed and presented for approval (by USAID/Panama and the Regional CO) the documentation of a small grant for *Alianza Ciudadana pro Justicia*, a network of Civil Society Organizations (CSOs).

Following an extensive review and approval process, the program signed a grant agreement with *Alianza Ciudadana* on June 17, 2005. Through this grant, *Alianza Ciudadana* will implement a six-month, one-hundred thousand dollar project aimed at presenting citizen-driven initiatives to foster transparency within the judiciary. Among other activities, *Alianza Ciudadana* will conduct diagnostics, social audits and present accountability and transparency proposals in connection with the judicial reform process.

Supporting CSO's involvement in the fight against corruption

In compliance with our schedule of activities, the program compiled a stakeholder inventory of more than 100 civil society organizations and private sector entities likely to become involved in the design and execution of anticorruption programs through our financial and technical support. The program distributed, via e-mail and by fax, a communication introducing them to the program and requesting validation of their full contact information. These data will be used in connection with the launching of our small grant's competitive process in Year 2.

The program also held introductory meetings with *Comisión de Justicia y Paz*, a civil society organization linked to the Catholic Church, and CEASPA, both of which are currently implementing initiatives in the area of social oversight at the local level that may be supported in the near future by our program.

LLR. 2.3.2 Clear leadership role and ethical standards for the private sector.

See Lower Level Result 2.3.1 above.

LLR. 2.3.3 Capacity of the media to report on transparency and corruption issues increased.

In accordance with our Work Plan, the program will schedule activities under this LLR in the next quarter.

SUB IR 2.4: Accountability of Elected and Appointed Officials Improved.

LLR. 2.4.1 Political Party and elected leaders' accountability improved.

In accordance with our Work Plan and USAID/Panama's priorities, the program will schedule activities under this LLR for Year 2.

LLR. 2.4.2 Improved government ethics and disclosure of assets of public officials and candidates for public office.

As per our Work Plan's schedule, the program is planning to conduct activities in connection with this LLR in the upcoming quarter.

➤ **List of In-Country Training Events**

Training Program	Field of Study	Relationship to the objectives of the Contract	Date	Estimated Cost	Female Participants	Male Participants
Training provided to technical staff from the National Anticorruption Council's Executive Secretariat	Accountability/ Anticorruption	SUB IR 2.1	Several sessions throughout the quarter	Offered by our own staff	6	1

ii. Other activities:

Other project activities throughout this quarter included the following:

- Assisted in organizing a two-day management meeting between USAID and Casals & Associates staff held in Panama on May 25 – 26, 2005. Among other topics, the meeting served to discuss the status of project execution by country, contracting issues, M&E Plan, potential multi-country activities and grant awards procedures.



USAID-Casals & Associates management meeting (Panama, May 25 – 26, 2005)

- Arranged a meeting for the Attorney General at the IDB's office of Institutional Integrity to interview with fraud and corruption investigators. Her visit to Washington, planned for May 2005, was eventually cancelled.

iii. Achievements and Obstacles

Some of the program's highlights in this quarter include the following:

- Gaining full confidence of the Executive Secretariat to provide advice on the preparation of its programs, train its technical staff and review and draft key documents, such as its internal regulations and proposals (e.g. those submitted to other GOP entities and international donors).
- Gaining a tighter cohesion among members of the National Anticorruption Council around a common objective (much still remains to be done in this area, but the Council started to take steps in the right direction).
- Identifying, reviewing and obtaining approval for our first small grant in support of a local NGO closely involved in the judicial reform process.
- Developing concrete products to strengthen the legal framework against corruption in Panama (namely drafting modifications to the decree that created the National Anticorruption Council and its internal regulations)
- Exposing members of the National Anticorruption Council to international best practices in the fight against corruption that may be replicated in Panama. Flawed experiences were also shared with the Council. They were particularly relevant to help avoid mistakes committed in other countries that rendered anticorruption bodies ineffective (e.g. overlapping corruption control functions).

The program was confronted with a few external factors that undermined the extent of its achievements. Particularly, recurring deferments in the extraordinary session of the Anticorruption Council put on hold the final discussion and adoption of its strategic plan. A new date for the strategic planning session was set for July 22-23, 2005. The program expects to assist the Council in finalizing its strategic plan by then. Nevertheless, to prevent us from advancing our strategic objectives hinging on the realization of this meeting, the program will readjust its approach by further diversifying its activities towards other counterparts, in government and civil society, as detailed in the following section of this report.

iv. Planned Activities by each Sub-IR and LLR for the next Quarter

Following is a projection of tasks that the program anticipates conducting during the upcoming quarter:

A. Sub IR 2.1: More transparent systems for management of public resources by the national government

LLR 2.1.1: National anti-corruption/transparency strategy completed and implemented

- **Organize and offer a two-day working session to define the National Anticorruption Council's strategic plan.** The event will take place in a secluded area (Gamboa) on July 22-23 to fully concentrate NAC members on finalizing this document. Upon conclusion of the Council's strategic plan, the program will direct its efforts towards preparing a National Anticorruption Plan in the framework of a wider dialogue (one that includes representatives from all branches and levels of government).
- **Strengthening the research and analysis capacity of the Executive Secretariat of the National Anticorruption Council.** To strengthen the corruption research and analysis capacity of the Executive Secretariat, the program will sponsor the participation of its technical staff in an online course on Ethics, Transparency and Anticorruption organized by the *Universidad Nacional del Litoral* (Argentina) and the *Centro de Desarrollo y Asistencia Técnica en Tecnología para la Organización Pública*.

LLR 2.1.2: Implementation of the commitments of the Inter-American Convention against Corruption (IACC)

- **Monitoring compliance with IACC and UN Anticorruption Conventions.** The program will explore the opportunity with the Latin American bureau of Transparency International to jointly implement a report card mechanism to assess regional compliance with international anticorruption conventions.

LLR 2.1.3: Improved national government budget transparency, management and execution

- **Finalizing budget transparency exploratory actions.** In the next quarter, the program will meet with CSO representatives that work on local development initiatives (with a focus on promoting transparency practices) in order to finalize a plan of action for this matter.

LLR 2.1.4: Systemic Government deficiencies identified and addressed in key line ministries

- **Building a National Integrity Index.** The program plans to support the National Anticorruption Council (NAC) in developing a National Integrity Index. Among other objectives, this tool would seek to achieve the following: 1) Design country-specific corruption indicators applicable across all branches of government, 2) Serve as the baseline to assess corruption levels broken down by GOP entities, 3) Identify areas more prone to corruption to focus efforts towards them, 4) Evaluate GOP's institutional performance, and 5) monitor the impact of anticorruption strategies over time.
- **Supporting the design and execution of transparency initiatives at the Social Security Administration (*Caja de Seguro Social*).** The program will assist the Executive Secretariat of the National Anticorruption Council in identifying potential activities to improve accountability and transparency within the Social Security Administration (*Caja de Seguro Social*). Specifically, the program anticipates preparing and assisting in the execution of a project to strengthen internal controls at the *Caja de Seguro Social* (CSS).
- **Monitoring compliance with the Freedom of Information Act.** The program plans to instruct local civil society organizations in the design and implementation of a methodology to assess compliance by GOP entities with their obligations under the Transparency and Access to Information Law.
- **Organizing a series of discussion forums to raise awareness on corruption-related issues.** See communication strategy on LLR 2.3.1 below.

LLR 2.1.5: Initiatives to reduce petty corruption (solicitation of bribes) developed and implemented

- **Identifying a map of risks.** In substitution of a petty corruption index, the program seeks to prepare a more comprehensive set of indicators to identify areas prone to corruption based on transparency levels and institutional efficiency (see National Integrity Index on LLR 2.1.4 above).

LLR 2.1.6: Key oversight agencies strengthened

- **Strengthening the government auditing function.** In light of a need identified by the Office of the Comptroller General itself, the program will prepare and submit a proposal aimed at training its staff in modern government auditing techniques. The proposed training program will include courses on financial, performance, forensic and public works auditing, all of which are areas that require reinforcement in the Office of the Comptroller General. The launching session on public works auditing has been scheduled to take place in early August. It will be offered by an international specialist who, in addition to teaching theoretical principles and

practical methodologies, will supervise the execution of an actual public works audit in the field. The program anticipates that this first activity will represent our port of entry into the Office of the Comptroller General and may permit us to extend our cooperation links to other areas.

- **Sponsoring participation of GOP officials at Regional Government Innovation Event.** In conjunction with USAID/Panama, the program will identify high-level GOP officials that may be sponsored to attend a Regional Forum on Good Government in Mexico City (November 7-11, 2005). The purpose of the forum is to share best practices and lessons learned from the Government of Mexico's Good Government and Innovation Programs and create an innovators network of practitioners from Central American countries and Mexico's federal and state governments. The event is designed for government officials at the level of Assistant Minister or General Director in the following areas: 1) Innovation/Good Government. 2) Digital Government. 3) Civil Service. 4) Regulatory Improvement. 5) Quality Government Initiatives and 6) Honest and Transparent Government (e.g. Access to Information Officers).

B. Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizens' needs

LLR. 2.2.1 Improved decentralization policy framework.

Several international donors are already engaged in decentralization programs in Panama. Thus, in accordance with the Mission's Activity Design Document, activities under this Sub-IR will be directed towards transparency and anti-corruption, rather than decentralization per se, as detailed in LLR 2.2.2.

LLR. 2.2.2 Improved local government budget transparency and accountability standards in selected municipalities.

- **Promoting social auditing activities at the local level:** To foster a closer scrutiny of government actions at the local level, the program will explore joining efforts with CEASPA and other NGOs in conducting social auditing exercises.

C. Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making

LLR 2.3.1: Strong civil society participation and oversight

- **Supporting Civil Society involvement in the judicial reform process.** The program will continue to support *Alianza Ciudadana pro Justicia* in connection with the implementation of its grant. This project will promote, among other proposals, the passage of regulatory changes to simplify the prosecution of illicit enrichment cases.

- **Expanding our cooperation links with a key partner in civil society.** In order to move forward with a series of public awareness projects that would support strategic objectives across the board, the program will prepare a proposal for USAID's consideration to establish closer links with *Alianza Ciudadana*.
- **Implementing a communications strategy to advance program objectives.** In cooperation with CEASPA (*Centro de Estudios y Acción Social Panameño*), which administers an OSI-funded anti-corruption project, the program is planning to organize a presentation on the topic of "Uncontrolled prerogatives: an opening to corruption". The event will take place on August 19 following a regional anticorruption seminar organized by CEASPA. It will tentatively feature Jaime López as a speaker, head of Probidad, a renowned anticorruption NGO based in El Salvador. This presentation is intended to support attempts to control privileges granted to GOP officials that repeatedly result in corrupt acts. Similar events on this and other topics, such as illicit enrichment, will take place in collaboration with other civil society organizations (e.g. Alianza Ciudadana, Colegio Nacional de Abogados).
- **Assessing compliance with Access to Information Act.** See planned activity under LLR 2.1.4.

LLR 2.3.2: Clear leadership role and ethical standards for the private sector

- **First steps.** The program will sponsor the presentation of a study on ethics and corporate organization. It will also establish contact with APEDE representatives to identify projects of common interest in the areas of corporate ethics and transparency.

LLR 2.3.3: Capacity of the media to report on transparency and corruption issues increased

- **Designing a training program on investigative journalism.** The program will approach the *Consejo Nacional de Periodismo* and/or the *Forum de Periodistas* to potentially co-organize training courses on investigate journalism. Likely instructors may include Giannina Segnini, a Costa Rican journalist with ample teaching experience and whose recent investigations concluded with the prosecution of three former presidents.

D. Sub IR 2.4: Accountability of Elected and Appointed Officials Improved.

LLR. 2.4.1 Political Party and elected leaders accountability improved.

- In accordance with our Work Plan and USAID/Panama's priorities, the program will schedule activities under this LLR for Year 2.

LLR. 2.4.2 Improved government ethics and disclosure of assets of public officials and candidates for public office.

- **Extending cooperation links to the Solicitor General's Office.** The program will establish contact with the Solicitor General's Office as a means to identify potential areas of support to government ethics programs.

Article IV. II. Administrative Update

Article V. i. DEC

No documents were submitted to the Development Experience Clearinghouse this quarter.

Nicaragua

Introduction

This quarterly report covering the period April 1 through June 30, 2005 is being presented by Casals & Associates, Inc. (C&A) in compliance with both Contract DFD-I-00-03-00139-00 and Task Order No. DFD-I-03-03-00139-00, Transparency, Anti-Corruption and Accountability Program.

Article VI.

I. Technical Update

i. Key Activities by Sub-IR and LLR for the Quarter

Following is a description of key activities conducted in this period broken down by Sub Intermediate Results (SUB IR) and Lower Level Results (LLR).

SUB IR 2.1: More Transparent Systems for Management of Public Resources by the National Government

LLR 2.1.1: National anti-corruption/transparency strategy completed and implemented

The Program established an excellent working relationship with the Directorate of Strategic Communications and Governance (Dirección de Comunicación Estratégica y Gobernabilidad) of the Office of the Presidency (Presidencia de la República) of the Government of Nicaragua (GON). This Directorate functions as the Anti-Corruption and Good Governance office, even though the GON took the unexpected decision of not establishing through Presidential decree a legal basis for this office and its anti-corruption responsibilities. Regrettably, the Directorate suffers from a lack of donor support to make up for the limited funding and political will from the GON. This constraint on its capabilities makes it difficult to attract donor support and creates a vicious cycle with no solution in sight.

As mentioned in the initial Work Plan for FY 2005, there is little consensus among donors and civil society on a national anti-corruption/transparency strategy, an opinion shared by many people. In support of the Special Provision of the Nicaragua Work Plan, the Program began updating the donor support tracking document (National Integrity System) and took advantage of contacts made for this purpose to meet and discuss overall support for the anti-corruption/transparency strategy, as well as to build a file of donor implementation documents.

Defining the cast of players among the donors became a major focus for the Program, particularly since the Good Governance Table (Mesa de Gobernabilidad) was not active during this period. The National Integrity System document, provided by the Mission at the Program's initiation and intended to track donor support, recorded a number of projects that lacked funding and other donor programs that appear to have taken a "wait and see" position. There is a need for better donor communication in support of the

anti-corruption/transparency efforts of the GON and this will be addressed by the Program in the following quarter.

The Directorate of Strategic Communications and Governance (Dirección de Comunicación Estratégica y Gobernabilidad) made a presentation to the Program in hopes of generating support for public awareness campaigns related to: public services, rights and obligations of citizens in the use of these services, access to information, improvement in the government's official Web sites, and promotion of the GON's transparency initiative, the Voluntary Transparency Strategy (Estrategia de Transparencia Voluntaria). This last initiative is of particular interest to the Program because several areas of the Ministry of Finance are participating, including the Budget Office, as well as some other key ministries. The Program will consider assistance to this Directorate for areas not otherwise covered by the Program through activities with public oversight groups (POGs). Showcasing and making the public aware of how to take advantage of the GON's transparency initiative are important steps in encouraging other public officials to "volunteer" for this program and bringing more attention to the administration's anti-corruption efforts, something very difficult to accomplish in an environment that is perceived by most actors as politically chaotic and focused on the negative news of the day.

Through the process of consultations and identifying advocacy groups for the Program's goals it has come to light that some of the more vocal and thus effective efforts on the scene are what might be called "upstart" groups without formal legal status, formed through alliances created to deal with the institutional crisis in the public sector.

One of these groups, Movement for Nicaragua (Movimiento por Nicaragua), approached the Program in the previous quarter but requests for assistance were not well-conceived. Upon a request to provide technical assistance in developing and refining anti-corruption strategies, both medium and long term, the Program funded a short term consultancy (USN Olga Nazario) during this reporting period. Dr. Nazario facilitated daily workshops with the two organizational committees and guided them in classifying and prioritizing their goals and, with this in mind, helped them create a more efficient communications plan. During her visit Dr. Nazario also interviewed a number of influential individuals outside of the group to document their perception of the actions of this movement and how it could be more effective in promoting democratic ideals. These interviews also served to identify other organizations for potential assistance. In order to be considered for future assistance, the Movement must conduct a public awareness campaign to make clear its non-partisan nature and maintain better control of its communications strategy.

LLR 2.1.2: Implementation of Inter-American Convention against Corruption Commitments

The program received a proposal for assistance from the POG Civic Group for Ethics and Transparency (Grupo Cívico Ética y Transparencia) for the realization of a public awareness campaign with the object of informing and educating the general public and

political groups on the importance of effective implementation of the recommendations of the OAS Committee of Experts to reduce opportunities for corruption. The proposal contains activities under several LLRs (see below), has been reviewed and revised several times by the organization and provided to the Mission for discussion of its technical components.

Although Nicaragua participated in the first round of IACC evaluations, there has been little civil society participation in monitoring progress on GON commitments to implement the Committee of Experts' recommendations. While this continues to be a critical component of the GON's anti-corruption/transparency plan, challenging the various branches of the GON to take action would be difficult at a time when other issues take center stage.

A more effective approach at this point in time is that of encouraging a more active role by public oversight groups (POGs), as reflected by the proposal received from the Civic Group Ethics and Transparency (Ética y Transparencia). Preliminary discussions on IACC implementation were also held with the University of Centro America (Universidad Centroamericana - UCA) covering topics such as replicating the regional framework used by USAID's AAA Program for monitoring government actions toward compliance.

Technical assistance in support of access to information efforts (see LLR 2.3.1) was considered and negotiated as a means of establishing a mechanism for greater citizen participation in monitoring the IACC and other GON commitments. A proposal is expected from the GON Office of Public Ethics (Oficina de Ética Pública - OEP), the entity designated as responsible for the IACC follow up process. That proposal will presumably seek assistance for facilitating and making more transparent monitoring efforts with much wider civil society participation.

LLR 2.1.3: Improved national government budget transparency, management and execution

The Civic Group Ethics and Transparency (Grupo Cívico Ética y Transparencia), the organization designated since 2003 as the local representative for Transparency International (TI) and with a high level of national credibility and long history of grants from USAID, presented a proposal (cited above under 2.1.2) with its core efforts in promoting citizen participation in the nation's budget processes, both at the central government level as well as the municipal level. The organization's wide acceptance among most sectors and an already established visible profile make it a desirable partner for public awareness activities. Specific activities under the proposal include a base line limited survey, a consultancy for comparative studies of the previous years' budget distribution and an educational campaign promoting cultural change in a process that has excluded citizen participation. The proposal has been revised and negotiated during the course of the quarter and is undergoing review by the Mission for technical approval.

LLR 2.1.4: Systemic government deficiencies identified and addressed in key line ministries.

There are no activities for Nicaragua under this LLR.

LLR 2.1.5: Initiatives to reduce petty corruption (bribe solicitation) developed and implemented

Consultations were conducted with technical representatives from both the health and education programs of the mission (Office of Human Investments) to become familiar with methodologies being used in improving services at the local level. Specific geographic areas where these programs are being carried out will be considered during the process of selecting municipalities under LLR 2.2.2.

Section 6.01 LLR 2.1.6: Key oversight agencies strengthened

A key contact has been established at the technical-level with the National Assembly Justice Commission, responsible for the proposed legislation for access to public information. Further contacts at a higher level, requiring close coordination with the Mission and Embassy, will be considered once an agreement is in place for the access to public information activities.

POG Hagamos Democracia, long involved in a citizen participation effort within the National Assembly, has presented a proposal to the Program but at this point unrelated to the Assembly's Office of Citizen Participation (Oficina de Participación Ciudadana). This proposal will continue to be negotiated and it is anticipated that an activity of oversight of a key agency will be included in a final product.

Most activities under this LLR remain in the category "To Be Determined" in discussions with the Mission.

Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizens' needs

LLR 2.2.1: Improved decentralization policy framework.

There are no activities scheduled to take place in Year One.

LLR 2.2.2: Improved local government budget transparency, management and execution

Negotiations have continued with the POG Civic Group Ethics and Transparency (Grupo Cívico Ética y Transparencia) for a public awareness campaign on the management of municipal budget transfers and participation of civil society in the various stages of the municipal budget process. The proposal includes a limited baseline survey conducted by a network of twenty organizations and five thousand

volunteers throughout the country, leading to generation of user-friendly information on the municipal budget process with emphasis on the recently enacted Transfer Law (Ley de Transferencias Municipales). This law will increase the apportionment of the national budget to local governments by two to ten percent over a few years. Ethics and Transparency has worked previously on this issue in fifteen of the cities that also serve as department heads and an additional ten *locales*, a fact that will enrich the Program's municipal selection process. Ethics and Transparency has also earned an impressive record in promoting participation of women in local public service, such as serving on the Municipal Development Committees (Comités de Desarrollo Municipal – CDMs). This proposal has been revised and improved for discussions with the Mission for technical approval.

In preparation for work in this area the Program consulted with the Office of Municipal Planning (Oficina de Planificación Municipal) at the Institute for Municipal Advancement (Instituto de Fomento Municipal – INIFOM) and the National System of Public Investment (Sistema Nacional de Inversión Pública - SNIP). The Program's technical staff also participated in an event in Matagalpa organized by the OAS and the National Assembly's Commission on Municipal Affairs. The purpose of this event was to conduct consultations on proposed legislation creating a municipal contracting law.

Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making

2.3.1: Strong civil society participation and oversight

During the reporting period a proposal was received by the Program from the POG Violeta Barrios de Chamorro Foundation (Fundación Violeta Barrios de Chamorro), an organization that is well respected and associated with improving the professionalism of the media. The project strategy contained in the proposal covers various components related to implementation of a system of access to public information, in preparation for passage of the bill presented to the National Assembly (Asamblea Nacional) during the previous quarter and, if necessary, to build public pressure for the legislation. This effort will include a second organization, the Center for Communications Programs (Centro para Programas de Comunicación), a partner of USAID's health program and with a recognized strength in developing public awareness campaigns. The proposal has gone through several stages of revision but is expected to result in an agreement shortly. The Program's technical staff has contributed substantially to improving the documents required for an agreement and coordinating with both organizations in order to expedite the approval process.

The Program coordinated with and provided support to the GON's Office of Public Ethics (Oficina de Ética Pública - OEP) and the University of Centro America (Universidad Centroamericana - UCA) in the realization of a forum to analyze the status of implementation of the Citizen Participation Law (Ley de Participación Ciudadana). The event took place at the University (UCA) so students were well represented among the participants. The principal speakers, Drs. Alejandro Bravo and Alberto Saborío,

explained to the principally civil society audience how the law had been applied at the municipal, regional and national levels, and emphasized the importance of this legislation in strengthening the rule of law. Information gathered through a question and answer period will be used in formulating future activities for better dissemination of the law throughout the country. The Program provided each participant with an electronic copy (CD) of the law.

1



2



A scope of work was prepared for a short-term international consultancy to assist in an assessment of the various social auditing experiences in Nicaragua and in identifying prospective options for replication, adaptation and support under the Program. The consultancy was re-programmed for next quarter (August) due to other commitments of the Program during June. Technical staff of the Program will take advantage of the travel required for the international consultant to visit a diverse group of municipalities and will participate in these visits in order to make contacts with the mayors and Municipal Development Committees (CDMs).

A proposal was also received from the Group of Reflection and Citizen Participation (Grupo de Reflexión y Participación Ciudadana), an alliance formed in recent months to promote a national dialogue for civil society. This idea seems at face value to be worthy of consideration for assistance. Before taking action, however, the Program has

¹ Photo 1: Dr. Alejandro Bravo, Municipal Expert ; Dr. Karla Matus, Universidad Centroamericana, School of Law, Academic Secretary; Dr. Alberto Saborío, Constitutional Specialist.

² Photo 2: Audience at the “Foro de Ley de Participación Ciudadana” at the Universidad Centroamericana

requested Mission counsel on the issue due to current internationally supported negotiations regarding the stalled government/political party dialogue, which includes pressure to include civil society.

2.3.2: Clear leadership role and ethical standards for the private sector

Contacts for coordination and possible support were continued with the Chamber of Commerce and Industry/Nicaragua (Cámara de Comercio e Industria de Nicaragua - CACONIC). There are two distinct projects being promoted by this private sector association. The broader group is interested in assistance for training opportunities and international events. The Program has suggested that training could be available on subjects of international anti-corruption activities, such as those covered by the IACC. The Program tentatively agreed to provide international speakers who can contribute to the association's agenda to promote ethics codes, train business leaders, and encourage modern procurement practices. The Program also discussed the need for a closer alliance between civil society organizations and the private sector. The agreement reached with CACONIC should include such an alliance and a more public role in the fight against corruption including public awareness campaigns.

The second project being promoted by the association is that of implementation of the Mediation and Arbitration Law approved by the National Assembly and published during this quarter and scheduled for application in August 2005. For this activity the Program is working closely with Checchi, the Mission's Rule of Law contractor, who also believes there may be opportunities for limited support, especially if the Programs pool their efforts. A definition of those efforts is still under consideration. The proposal presented by CACONIC goes well beyond the possibilities of the Work Plan and will require considerable study and revision. This activity is continue to be coordinated with the Rule of Law contractor and is expected to come to definition next quarter.

During this quarter a Program representative participated in a round table discussion with private sector representatives, sponsored by the US Embassy, on Corporate Social Responsibility initiatives (CSRs) and the incorporation of anti-corruption agendas into these efforts.

During the month of June the Program was invited to make a presentation during a seminar of the Association of Internal Auditors of Nicaragua. The Association later postponed the event to the following month.

2.3.3: Capacity of the media to report on transparency and corruption issues increased

No activities were programmed for this LLR for the quarter.

Sub IR 2.4: Accountability of elected and appointed officials improved

2.4.1: Political parties and elected leaders' accountability improved

Agreement was reached with the International Republican Institute (IRI) to cooperate in funding an event to raise the issue of political party finances. Initial coordination resulted in an invitation to Probidad of El Salvador (with representation in Nicaragua) to be a co-sponsor, followed by local organizations Grupo FUNDEMOS, Hagamos Democracia and the Fundación Violeta Barrios de Chamorro. All have accepted the invitation and international expert Juan Rial will make the keynote presentation at the one-day forum. Other organizations will take advantage of the international consultant's visit to Nicaragua, jointly funded by IRI and the Program, and will schedule another event around his availability. That event will be directed at media reporting on political party activities.

A proposal was received from POG Hagamos Democracia, but upon review was returned for further development in the area of public sector accountability.

2.4.2: Improved government ethics and disclosure of assets of public officials and candidates for public office

No major activities have occurred under this LLR during the quarter.

Special Provision: The Program provided current information on transparency activities and the National Integrity System Donor Support tracking document. Meetings with the U.S. Embassy's Resident Legal Advisor were suspended during the quarter due to his transfer and awaiting assignment of a replacement to post.

➤ List of In-Country Training Events

Training Program	Field of Study	Relationship to the objectives	Date	Female	Male
Forum on Citizen Participation Law	Dissemination of the Citizen Participation Law, IACC Commitments	LLR 2.3.1	June 24	72	51

➤ Consultancies

USN Olga Nazario, Civil Society expert, provided technical assistance to POG Movement for Nicaragua, from May 23 - 27, 2005

ii. Other activities:

The revised FY05 Work Plan was approved on May 31, 2005.

The Project Director made a presentation of the Program's contemplated activities at the Mission-sponsored Conference of Partners on April 21, 2005.

Participated in the Program Coordination meeting in Panama.

The Program held coordination meetings with Florida International University's team to take advantage of their six years of experience in managing a contract under USAID's justice program ending next quarter.

iii. Achievements and Obstacles

Achievements

- Coordination of joint activities has been fluid and effective
- POG recipient (Movimiento por Nicaragua) of international technical assistance benefited from the training and the results were evident within weeks. For example, the recipient organization became more cautious about its public image by striving for a better consensus in responses to the media. It also became more willing to form alliances with other organizations and is working to bring in a more diverse group of activists into the umbrella group (Red por Nicaragua).

Obstacles

- Absence of a consensus on a national anti-corruption/transparency strategy
- Secretary General of Anti-Corruption of the Presidency (*SEGAP*) has not been legally established by the GON
- The Good Governance Table is not currently active
- Political and institutional crises interfere with consistent efforts required to bring activities to implementation stage

iv. Planned Activities by each Sub-IR and LLR for the next Quarter

Sub IR 2.1: Support for national anti-corruption, transparency and accountability implementation

LLR 2.1.1: National anti-corruption/transparency strategy completed and implemented

Carry out an activity that will generate a commitment to some form of Transparency Table or other donor coordination mechanism

Transmit to the Directorate of Strategic Communications and Governance (Dirección de Comunicación Estratégica y Gobernabilidad - GON) the Program's intent to assist in specific areas of the strategy

LLR 2.1.2: Implementation of Inter-American Convention against Corruption Convention

Sign agreement with Civic Group Ethics and Transparency (Grupo Cívico Ética y Transparencia) to conduct a public awareness campaign to monitor Nicaragua's compliance to the OAS recommendations under the IACC

LLR 2.1.3: Improved national government budget transparency, management and execution

Sign agreement with Civic Group Ethics and Transparency (Grupo Cívico Ética y Transparencia) and initiate activities to coincide with national budget process

LLR 2.1.5: Initiatives to reduce petty corruption (bribe solicitation) developed and implemented

Identify organizations with the capacity to assist in the assessment of public services, particularly groups with a focus on issues affecting women

Section 6.02 LLR 2.1.6: Key oversight agencies strengthened

Define areas of support to the Attorney General's Anti-Corruption Unit (Unidad de Anticorrupción de la Procuraduría General de la República).

Sub IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizens' needs

LLR 2.2.2: Improved local government budget transparency, management and execution

Sign agreement with Civic Group Ethics and Transparency (Grupo Cívico Ética y Transparencia) and initiate activities to coincide with municipal budget process

Sub IR 2.3: More opportunities for citizen participation in and oversight of national government decision-making

2.3.1: Strong civil society participation and oversight

Conclude agreement with Fundación Violeta Barrios de Chamorro for Access to Public Information efforts

International consultancy to assist in preparation of a diagnostic on social auditing experiences in Nicaragua to be gained through visits to a number of municipalities. This consultancy will also provide input on the selection of twenty (20) municipalities based upon the existence of POGs and levels of political will and participation, particularly those of women and minorities.

2.3.2: Clear leadership role and ethical standards for the private sector

Conclude coordination agreement with Checchi for areas of support to private sector associations and public awareness campaign

2.3.3: Capacity of the media to report on transparency and corruption issues increased

Explore training possibilities for journalists in areas of international anti-corruption measures and access to public information

2.4.1: Political parties and elected leaders' accountability improved

Co-finance a forum on "Political Party Financing" with participation of international expert Juan Rial

II. Administrative Update

- i. Local registration of C&A: Legal opinion obtained, consultation with visiting RLA, issue is currently with local tax experts
All staffing positions filled
Office space contracted and occupied
Program vehicle shipped and received

ii. List of Documents Submitted to DEC During this Reporting Period

CD containing the *Ley de Participacion Ciudadana* (Law #475)